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## SENATE COMMITTEE ON EDUCATION

Senator Connie Leyva, Chair  
2019 - 2020 Regular

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<b>Bill No:</b>	AB 39	<b>Hearing Date:</b>	June 12, 2019
<b>Author:</b>	Muratsuchi and McCarty		
<b>Version:</b>	April 11, 2019		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Ian Johnson		

**Subject:** Education finance: local control funding formula: aspirational funding level: reports.

### SUMMARY

This bill expresses the intent of the Legislature to increase the per-student base grant funding targets for school districts and charter schools under the Local Control Funding Formula (LCFF), as specified.

### BACKGROUND

In 2013, the LCFF was enacted. The LCFF establishes per-pupil funding targets, with adjustments for different student grade levels, and includes supplemental funding for local educational agencies (LEAs) serving students who are low-income, English learners, or foster youth. The LCFF replaced almost all sources of state funding for LEAs, including most categorical programs, with general purpose funding including few spending restrictions.

The largest component of the LCFF is a base grant generated by each student. Current law establishes base grant target amounts for the 2013-14 fiscal year, which are increased each year by the Implicit Price Deflator for State and Local Government Purchases of Goods and Services for the United States.

The base grant target rates for each grade span for the 2019-20 fiscal year are as follows:

- 1) \$8,521 for grades K-3 (includes a 10.4 percent class size reduction adjustment);
- 2) \$7,833 for grades 4-6;
- 3) \$8,066 for grades 7-8;
- 4) \$9,589 for grades 9-12 (includes a 2.6 percent career technical education adjustment).

For each disadvantaged student, a district receives a supplemental grant equal to 20 percent of its base grant. A district serving a student population with more than 55 percent of disadvantaged students receives a concentration grant funding equal to 50 percent of the base grant for each disadvantaged student above the 55 percent threshold.

## ANALYSIS

This bill:

- 1) Expresses the intent of the Legislature that, as of the 2020–21 fiscal year, the new, aspirational Local Control Funding Formula (LCFF) grade span adjusted base grants would be equal to specified amounts to meet the national average per-pupil funding level. Specifically, for kindergarten and grades one to three, \$12,188; for grades four to six, \$12,377; for grades seven to eight, \$12,194; and for grades nine to 12, \$14,768.
- 2) Expresses the intent of the Legislature to provide a cost-of-living adjustment (COLA) above the statutory COLA, known as a "super" COLA, to school district and charter school LCFF per-student base grants and also to county office of education LCFF per-student base grants.
- 3) Requires the Superintendent of Public Instruction to publish on the department's internet website the unduplicated pupil counts and percentages for each school district, charter school, county office of education, and necessary small school.

## STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, "California was, at one time, among the top ten states in K-12 per pupil funding, but we now rank among the lowest. Providing a high quality K-12 public education to our children should be one of our top priorities as a state. The implementation of the LCFF made significant progress by returning California's K-12 system to pre-recession funding levels, but there is more to be accomplished.

AB 39 will establish new funding targets within the existing formula to provide the Legislature and the state with a road map to continue our investment in our children's K-12 education. The new funding targets will set California on a path to first reach the national average in per pupil spending with the ultimate goal of returning our state to among the top ten in funding."

- 2) ***Does this bill provide more funding for education?*** While the LCFF establishes the formula by which local educational agencies (LEAs) receive state funding, the Proposition 98 minimum guarantee constitutionally governs the amount of state funding provided to public schools (including community colleges). Moreover, this bill does not change the operative statutory calculation of LCFF targets for LEAs. Rather, the bill expresses the intent of the Legislature to provide funding to LEAs through the LCFF beyond these statutory targets. Supporters of this measure state "We support the Newsom Administration's proposed \$2 billion allocation in the 2019-20 state budget to provide a cost-of-living-adjustment (COLA) on the existing LCFF targets. However, despite these worthy efforts, we believe a new goal with an aspirational target is required to reach the Proposition 98 constitutional goals of investing in our students and to fund the new fixed costs that continue to escalate year after year. Using AB 39 as a framework, ACSA urges the legislature and the Newsom Administration to

establish new Local Control Funding Formula targets with the goal of achieving the national average in per-pupil funding over an unspecified number of years."

- 3) ***Would new funding targets provide some other benefit to local educational agencies (LEAs)?*** While establishing the intent of the Legislature to increase the base grant targets could be interpreted by some as the beginning of a second, multi-year transition to a new targeted level of funding for LEAs, significant uncertainties about the future political and fiscal climate remain. To the extent that increasing the base grant targets would discourage LEAs from managing their multi-year budgets prudently—by signaling that these targets will be funded in the near future—this bill could result in less fiscal stability among LEAs (not more).
- 4) ***Previous concerns with fiscal transparency have been addressed.*** The LCFF spending regulations adopted by the State Board of Education provide a calculation that LEAs use to determine their minimum proportionality percentage. LEAs must describe within their Local Control and Accountability Plan (LCAP), reviewed by county offices of education, how they will meet this percentage of increased or improved services for unduplicated pupils over what is provided for all other students using qualitative and/or quantitative measures. This is a snapshot of services that an LEA must provide in a given year, and would not change as a result of this bill. Moreover, given that all LEAs are now funded equitably—with every district receiving the same base grant amount per-pupil—transitioning to new targets can be viewed as recreating fiscal transparency challenges.

Given that this bill does not actually create new funding targets, it will have no impact on LEA's proportionality calculations and does not create new challenges in determining how much the state is providing to each LEA in the form of base, supplemental, and concentration grant funding.

- 5) ***Fiscal impact.*** According to the Assembly Appropriations Committee, this bill will have the following fiscal impact:
  - a) Once new, aspirational base-grants are fully implemented, ongoing Proposition 98 General Fund costs of about \$33 billion annually to provide funding at these rates. Of this amount, about \$9 billion annually will go for kindergarten and grades one to three; \$8 billion will go for grades four to six; \$5 billion will go for grades seven and eight; and \$11 billion will go for grades nine to 12.  
  
Assuming enrollment trends continue and historic growth trends in K-12 cost-of-living-adjustment (COLA) and per-capita personal income continue to grow, this bill could be fully funded within the Proposition 98 General Fund guarantee in the 2030s. The target could be reached more quickly should the Legislature provide super COLAs or other funding.
  - b) Assuming the Legislature provides a 1 percent COLA to K-12 schools above the statutory COLA, ongoing Proposition 98 General Fund costs of about \$1 million annually to county offices of education to increase Local

Control Funding Formula (LCFF) per-student base grants, with growth over time as COLAs increase.

- c) Ongoing General Fund costs to the Superintendent of Public Instruction of about \$150,000 to publish information about each local education agency and charter school's (a) base grant and (b) counts of low-income, English-learner and foster youth students on the California Department of Education's website.

## **SUPPORT**

Alameda County Office of Education  
Alameda Unified School District  
Albany Unified School District  
Albany Unified School District Board of Education  
Arcadia Unified School District  
Association of California School Administrators  
Atascadero Unified School District  
AVID Center  
Brentwood Union School District  
Burbank Unified School District  
Cabrillo Unified School District  
California Association of School Business Officials  
California Association of Suburban School Districts  
California Charter Schools Association  
California Educational Technology Professionals Association  
California Federation of Teachers  
California Retired Teachers Association  
California School Boards Association  
California School Employees Association  
California School Funding Coalition  
California State PTA  
California Teachers Association  
Central Valley Education Coalition  
Children Now  
Clovis Unified School District  
Compton Unified School District  
Contra Costa County Superintendents Coalition  
Cypress School District  
Dinuba Unified School District  
Downey Unified School District  
El Dorado Union High School District  
El Segundo Unified School District  
Etiwanda School District  
Folsom Cordova Unified School District  
Fresno Unified School District  
Fruitvale School District  
Glendora Unified School District  
Golden Valley Unified School District  
Grossmont Union High School District

Igo Ono Platina Union School District  
Jurupa Unified School District  
Kern County Superintendent of Schools  
La Canada Unified School District  
Laguna Beach Unified School District  
Los Angeles County Office of Education  
Los Angeles Unified School District  
Manhattan Beach Unified School District  
Monrovia Unified School District  
Murrieta Valley Unified School District  
Newport-Mesa Unified School District  
Oakland Unified School District  
Office of the Riverside County Superintendent of Schools  
Palos Verdes Peninsula Unified School District  
Placentia-Yorba Linda Unified School District  
Pleasant Valley School District  
Public Advocates Inc.  
Redding School District  
Redondo Beach Unified School District  
Riverside County Office of Education  
Sacramento City Unified School District  
San Benito High School District  
San Bernardino County District Advocates for Better Schools  
San Diego County Office of Education  
San Francisco Unified School District  
San Francisco Unified School District Advisory Committee For Special Education  
San Marino Unified School District  
San Ysidro School District  
Santa Barbara Unified School District  
Santa Monica Malibu Unified School District  
Savanna School District  
Schools For Sound Finance  
Scotts Valley Unified School District  
Shasta Union Elementary District  
Siatech, Inc.  
Small School Districts Association  
South Bay Union School District  
Torrance Unified School District  
Tulare Joint Union High School District  
West Covina Unified School District  
Westminster School District

**OPPOSITION**

None received

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